

AL.1.1479  
C.2

**Alberta's environment. Your future. Our promise.**

Alberta Recycling Management Authority (ARMA)

2004 . 05 Annual Report

A decorative pattern of small, colored dots (white, blue, yellow, orange, and green) arranged in a wavy, horizontal band across the bottom of the page.



## Table of Contents

|  |           |
|--|-----------|
| <b>Letter to the Minister</b>                                      | <b>3</b>  |
| <b>Chairman's Message</b>  | <b>4</b>  |
| <b>Membership and Board of Directors</b>                           | <b>6</b>  |
| <b>Legislative Mandate and Accountability</b>                      | <b>9</b>  |
| <b>Chief Executive Officer's Report</b>                            | <b>10</b> |
| <b>Business Plan</b>   | <b>12</b> |
| 1. Alberta Recycling Management Authority: Update                  | 15        |
| 2. Electronics Recycling Alberta: Update                           | 17        |
| 3. Tire Recycling Alberta: Goals and Performance Measures          | 21        |
| 4. Alberta Environment - Household Hazardous Waste Program: Update | 35        |
| <b>Audited Financial Statements</b>                                | <b>37</b> |





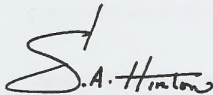
## Letter to the Minister

Honourable Guy Boutilier  
Minister of Environment  
Government of Alberta  
423 Legislature Building  
Edmonton, AB T5K 2B6

Dear Minister:

On behalf of the Board of Directors of the Alberta Recycling Management Authority (ARMA), I am pleased to present our Annual Report for the fiscal year April 1, 2004 to March 31, 2005. This is in accordance with Section 16 of the Designated Material Recycling and Management Regulation (AR 93/04).

Sincerely,



Sid Hinton  
Chairman  
Alberta Recycling Management Authority

“Our vision is a sustainable Alberta recycling solution for designated materials that is a model of excellence, environmentally and socially responsible, and economically viable.”

## Chairman's Message



Without a doubt this past year has seen the most significant change and growth within our organization.

Through bylaw changes March 31, 2004 and July 21, 2004, Tire Recycling Management Association of Alberta (TRMA) became Alberta Recycling Management Authority (ARMA) responsible for managing two recycling programs within its two divisions: *Tire Recycling Alberta (TRA)* and *Electronics Recycling Alberta (ERA)*.

With the proven success of Alberta's environmental stewardship program for tires, the Government of Alberta looked to the experience and expertise that ARMA gained in managing this key provincial program to effectively launch Canada's first formal Electronics Recycling Program. This new provincial program collects eligible electronics including televisions, computers (and related equipment) that were previously going into Alberta's landfills and turns them into new recycling opportunities for Albertans.

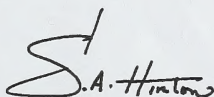
As with tire recycling, this proactive approach to environmental management diverts hazardous materials from the waste stream while removing associated environmental, health and safety risks. An estimated 190,000 televisions and 90,000 desktop computers, which contain toxic materials including lead, mercury and cadmium, are discarded in the province annually. Management of this waste stream has become an increasing challenge.

Consolidating the management of two recycling programs into one organization provides greater effectiveness in managing the recycling system across the province. It also presents both challenges and opportunities for governance, industry and stakeholder input, and administration. To this end, the organization and its programs are governed by a “public interest” board, which is advised by specific industry councils for tires and electronics respectively. This structure ensures proper accountability and effective integrated management of the two programs.

While 2004/05 marks the inaugural year of Alberta’s electronics recycling program, it is the 13<sup>th</sup> year of Alberta’s successful tire recycling program. The program has seen the recycling of nearly 35 million tires, providing a true benefit to Alberta’s environment.

We are proud of the success achieved by each stewardship program. This success is a result of the collaboration with key stakeholders, the tire and electronics industries, the provincial government and Albertans, as well as our shared commitment to preserving our environment.

We know that the environment is a key priority for Albertans and we will keep our promise to effectively manage our recycling programs to help protect and enhance Alberta’s environment for your future.

A handwritten signature in black ink, appearing to read "S.A. Hinton". The signature is stylized with a large, looped initial "S".

Sid Hinton  
Chairman  
Alberta Recycling Management Authority

“Protecting the environment is one of the highest priorities for Albertans.”



## Membership & Board of Directors

ARMA, in accordance with the requirements of the *Societies Act*, amended its bylaws to facilitate the implementation of the new Electronics Recycling Program. ARMA is comprised of seven member organizations that represent stakeholder interests. Each member organization appoints a director to the ARMA Board of Directors, which were at March 31, 2005, as follows:

**Alberta Association of Municipal Districts and Counties** • Eugene Wauters

**Alberta Environment** • Bev Yee

**Alberta Urban Municipalities Association** • John Trefanenko

**Association of Professional Engineers, Geologists & Geophysicists of Alberta** • Al Schulz

**Environmental Services Association of Alberta** • Merv Domanko

**Recycling Council of Alberta** • Bruce MacKenzie

**Toxics Watch Society of Alberta** • Myles Kitagawa

Two additional directors are appointed by the Minister to represent the Public and Industry at Large. The Chairs of the Industry Councils for each designated material program – tires and electronics – are also directors of the Board:

**Public at Large** • Sid Hinton, Chair

**Industry at Large (Retail Council of Canada)** • Sean McCullough

**Electronics Recycling Alberta Industry Council, Chair** • Grant Pisko

**Tire Recycling Alberta Industry Council, Chair** • Dennis Irving

Front Row (L to R)

Sid Hinton

Merv Domanko

Middle Row (L to R)

Eugene Wauters

Bev Yee

Al Schulz

Back Row (L to R)

Dennis Irving

John Trefanenko

Bruce MacKenzie

Myles Kitagawa

Grant Pisko

Sean McCullough



There are three standing committees of the ARMA Board of Directors:

**Executive Committee**

- Oversees implementation of budget and directs major expenditures and related information during budget year
- Oversees ARMA's Investment Charter and Investment Management Policy
- Recommends annual budget to Board of Directors

**Audit Committee**

- Oversees preparation of financial statements by administration and annual audit by auditor
- Recommends an Auditor to the Members of ARMA for approval
- Oversees review of internal administrative contracts and procedures

**Assessment Committee**

- Conducts assessment hearings to assess the amount of environmental fees to be remitted by suppliers of designated materials
- Oversees the environmental fee compliance procedures

## Membership & Board of Directors (continued)

### Industry Councils

For both Tire Recycling Alberta (TRA) and Electronics Recycling Alberta (ERA), the Board of Directors appoints an Industry Council. Their role is to help the Board of Directors achieve an effective approach to designated material management. The Industry Councils provide the Board of Directors with advice and recommendations on key aspects of each program, including development of annual program reviews, business plans, budgets and the Annual Report.

The following are the members of the Electronics Recycling Alberta Industry Council (ERAIC):

**Alberta Environment** • Christine Della Costa

**Alberta Municipal Representative** • Mike Saley, City of Calgary

**Electronics manufacturers** • Frances Edmonds, Hewlett Packard • Nick Aubry, Sony

**Electronics retailers and distributors** • Scott Zacharias, Best Buy/Future Shop •  
Mike Vioncek, Hudson Bay Canada/Zellers

**Industry at Large** • Grant Pisko, Chair

The following are the members of the Tire Recycling Alberta Industry Council (TRAIC):

**Alberta Environment** • Patrick Kane

**Motor Dealers Association of Alberta** • Dwight Brown

**Western Canada Tire Dealers Association** • Dennis Irving, Chair



## Legislative Mandate & Accountability

Alberta Recycling Management Authority (ARMA) is a not-for-profit association responsible for managing Alberta's tire and electronics recycling programs. Incorporated under the *Societies' Act*, it operates as a Delegated Administrative Organization (DAO), reporting to the Minister of Environment.

ARMA is accountable to the Minister for the fulfillment of its legislated mandate through its three-year business plan, annual budget, annual report and Memorandum of Understanding with the Minister. In addition to its legislative mandate, ARMA must meet its obligations under the *Societies Act* and report to its membership at its Annual General Meeting.

On June 1, 2004, the Government of Alberta put into effect the *Designated Material Recycling and Management Regulation (Alta. Reg. 93/2004)* under which ARMA is given the responsibility to manage the environmental fee (also referred to as Advance Disposal Surcharge in the regulation) for recycling waste electronics in Alberta. This role was in addition to its continuing responsibility of managing Alberta's tire recycling program. ARMA oversees these programs within its two divisions: *Tire Recycling Alberta (TRA)* and *Electronics Recycling Alberta (ERA)*.

The *Designated Material Recycling and Management Regulation* authorizes ARMA to levy and collect environmental fees, which are to be used for any or all of the following, exclusive to the designated material:

- Establish and administer waste minimization and recycling programs;
- Education and promotion programs to support waste minimization and recycling;
- Expenditures on the collection, transportation, storage, processing and disposal of designated materials; and
- Research and development activities related to designated materials management.

ARMA's programs are designed to encourage the development of a viable recycling industry as the way to best achieve a sustainable solution to the challenges of Alberta's designated materials. A key element of ARMA's recycling programs is "pay for results" funding – recyclers are paid for performance based on the amount of designated materials that are successfully recycled. There are no loans, loan guarantees, start-up grants or bailouts.

ARMA's strategies are directly aligned to the mission, core businesses and waste minimization goals of Alberta Environment and the Government of Alberta.

## Chief Executive Officer's Report



We embarked on a new course in 2004/05 with the transition to our new corporate structure to accommodate our expanded mandate. The changes at the governance level, with the restructuring of the Board and its introduction of new Industry Councils for tires and electronics, are reflected in the organization and operation of ARMA's administration. In addition to managing Alberta's Tire Recycling Program under *Tire Recycling Alberta (TRA)*, we added another division, *Electronics Recycling Alberta (ERA)*, to effectively launch Alberta's new electronics recycling program, the first of its kind in Canada.

Moving from an organization with a single designated material to the role of "multi-material stewardship" had several fundamental and significant operational impacts:

- We needed to be able to maximize and leverage our experience, expertise, stakeholder relations, policies and programs by applying them in an appropriate manner to the development and operation of ERA.
- We needed to maintain exclusivity of revenue streams. The regulations clearly prescribe that the environmental fees can only be used for the designated material for which they were approved. There can be no "cross-subsidization" of funds between TRA and ERA. This was primarily achieved through separate program administrations, and proper apportionment of the shared costs of corporate support services, financial administration, and Board activities.

- ARMA's expanded mandate has required the addition of staff. Some services previously outsourced are now more effectively managed through internal resources (for example, communications). By having a communications professional on staff, we are better equipped to meet new demands in a more strategic and streamlined manner. We will continue using contracted resources where it makes sense from a cost-benefit standpoint.
- Administration has the additional task of serving as the "secretariat" to the two industry councils in addition to continuing to deliver on the directions from the Board of Directors.

Through significant growth and change, our promise remains to effectively manage Alberta's tire and electronics recycling programs to help protect and enhance Alberta's environment for your future.



Doug Wright  
Chief Executive Officer  
Alberta Recycling Management Authority

"Albertans indicated they are willing to support a fee-based user-pay system for the benefit of a sustainable environment, provided funds collected are dedicated to recycling electronic materials."





## Business Plan

ARMA uses a three-year rolling Business Plan to enable it to fulfill its legislative mandate to collect environmental fees on designated materials and to use the revenues to recycle eligible materials. The 2004/05 Annual Report measures the progress made on the goals and performance measures specified in the Business Plan.

The Board of Directors approved the Business Plan for 2004/05 in February 2004 when the organization was known as Tire Recycling Management Association (TRMA). Consequently, the plan contained goals and performance measures related to Alberta's Tire Recycling Program only, and the reporting on these goals can be found on page 22 of this Annual Report. The 2004/05 Business Plan did not contain any goals for the Electronics Recycling Program.

When the organization and mandate was subsequently changed in July 2004, the goals and performance measures related to electronics recycling were developed and approved as part of the 2005/06 ARMA Business Plan. This plan took effect on April 1, 2005, and will be reported against in the 2005/06 Annual Report. In the interim, an update of progress made in the area of electronics recycling in 2004/05 is provided (see page 18). In addition, in order to ensure proper management of the program during the start-up period, a six-month budget review will be prepared in October 2005, at which time an interim report against ERA goals will also be prepared.

Finally, Alberta Environment contracted with TRMA in 2004/05 to administer their Household Hazardous Waste Program, and transferred program funding to the TRMA (see page 36). Alberta Environment has subsequently contracted with ARMA to administer the program for the next fiscal year.

## Vision

A sustainable Alberta recycling solution for tires [*designated materials\**] that is a model of excellence, environmentally and socially responsible, and economically viable.

## Mission

**TRMA 2004/05:** To manage scrap tire recycling in the best interests of Albertans.

**ARMA 2005/06:** *To carry out its delegated mandate in respect of each designated material:*

- *By being fully accountable to the Minister of Environment, the Government of Alberta, ARMA members, industry and Albertans;*
- *By ensuring its programs meet Government of Alberta requirements for environmental, health and safety standards;*
- *By openly communicating ARMA policies, strategies and results;*
- *By funding education and awareness programs for the purpose of waste minimization and recycling;*
- *By funding research and development activities related to recycling or management of the designated materials.\**

\*Changes for 2005/06 resulting from the mid-year transition from TRMA to ARMA are provided in italics.

## Summary of Goals

### TRMA Goals - 2004/05

- Goal 1 There is a tire recycling solution for all Alberta scrap tires.
- Goal 2 The solution is environmentally and socially responsible.
- Goal 3 The solution is economically viable.
- Goal 4 Albertans are aware of and support tire recycling.
- Goal 5 The TRMA is accountable to the Government of Alberta and Albertans for its mandate.

### ARMA Goals - 2005/06

- Goal A-1 *All Advance Disposal Surcharges for eligible electronics are remitted.*
- Goal A-2 *All Advance Disposal Surcharges for eligible tires are remitted.*
- Goal A-3 *ARMA provides full measurement of results and accountability for the funds it manages and for the operation of the organization.*

### ERA

- Goal E-1 *Enable waste minimization and recycling solutions for all eligible electronics discarded by Albertans.*
- Goal E-2 *Eligible electronics are recycled in an environmentally and socially responsible manner.*
- Goal E-3 *Electronics recycling is economically viable.*
- Goal E-4 *Albertans are aware of and support electronics recycling.*
- Goal E-5 *The list of eligible electronics is reviewed at least annually, consistent with the Regulation.*

### TRA

- Goal T-1 *Enable waste minimization and recycling solutions for all eligible scrap tires discarded by Albertans.*
- Goal T-2 *Scrap tires are recycled in an environmentally and socially responsible manner.*
- Goal T-3 *Scrap tire recycling is economically viable.*
- Goal T-4 *Albertans are aware of and support tire recycling.*
- Goal T-5 *Alberta communities benefit from tire recycling.*

\*Changes for 2005/06 resulting from the mid-year transition from TRMA to ARMA are provided in italics.



# Alberta Recycling Management Authority

Our promise and commitment is to protect and preserve  
Alberta's precious environment to ensure a sustainable  
future for generations to come.



## Alberta Recycling Management Authority: Update

In November 2003, the organization was asked to work with Alberta Environment regarding the development of an electronics recycling program, and now to ensure environmental stewardship and accountability of the program.

Alberta Recycling Management Authority (ARMA) successfully completed the transition of its bylaws, structure, membership and Board to ensure that the interests of stakeholders and the public in general were adequately represented at the governance level.

Industry councils for TRA and ERA were established to ensure proper input from industry on each respective program.

Working with Alberta Environment, input was sought from key stakeholders, including Albertans, to determine their level of support for a new Electronics Recycling Program. In addition, the electronics manufacturing and retail industries provided input at the program development stage and continue to advise and provide recommendations.

As a result of stakeholder input, the program recognized several key elements:

- Program accountability and financial transparency were incorporated as key program components.
- There was recognition of the goal of “harmonizing” provincial programs.
- Processors, and all their downstream processors to the end product stage, would have to meet stringent environmental and safety standards to be eligible to receive funding under the program, and thereby safely divert potentially hazardous substances from the waste stream.
- As electronics recycling evolves, ERA through the input of the ERA Industry Council, will endeavor to develop goals and manage its program to facilitate Design for Environment initiatives.
- ERA recognizes the value of the reuse of functional electronics and ensures that the program links to reuse activities, so that electronics discarded by Alberta reuse organizations can also be recycled.

In addition, ARMA undertook public information initiatives to inform Albertans of the new organization and program.

To date, ARMA is meeting and is on track to fulfill the goals and performance measures in the 2005/06 Business Plan.

# Electronics Recycling Alberta

Alberta is solidifying its reputation as a leader in environmental management with its new Electronics Recycling Program – the first of its kind in Canada. It shows the difference Albertans can make when they put ingenuity to work.





## Electronics Recycling Alberta: Program Update


Phase I of the electronics recycling program, launched October 1, 2004, opened municipal collection sites and drop-off points for designated electronics across the province. Approved processors began transporting these materials for recycling.

- More than 100 collection sites were established across the province.
- 1,000 tonnes of material was recycled in the program's first six months, including more than 20,000 computer monitors, 9,400 televisions and 12,000 printers.
- Initial volumes of waste TVs and computers discarded by Albertans were less than budgeted, so initiatives are being developed to encourage and facilitate the disposal of waste electronics by Albertans.
- Four processors met the extensive environmental, health, safety and operational requirements to qualify for program funding for the processing and recycling of electronic waste components such as glass, metal and plastic.

Interim bank financing was arranged in the amount of \$2.7 million to fund the program start-up of the electronics recycling program, prior to the implementation of the environmental fee on February 1, 2005. This interim financing has been repaid in full as of May 2005.

In October 2004 and January 2005, television, radio, print and point-of-purchase materials were used to inform Albertans about the new electronics recycling program (and fees) as part of ARMA's overall communication strategy.

- The environmental fees range from \$5-\$45 depending upon the product - televisions, computer monitors, CPUs (including keyboards, mouse, cables, speakers), printers/printer combinations, laptops and electronic notebooks are all eligible under the program.
- The environmental fee is remitted on the sale of new electronics in Alberta, and is used exclusively for the electronics recycling program to pay for the collection, transportation, recycling of materials, public information programs and research into better recycling technologies.



Phase II of the program began February 1, 2005, when companies supplying electronics in Alberta began remitting the environmental fee on the sale of televisions, computers and related equipment.

- Over 1,600 companies including manufacturers, distributors and retailers are registered as suppliers in the program to remit the fees on the sale of eligible new electronics.
- Approximately \$2.9 million was collected in revenues (up to March 31, 2005).
- Revenues are above budget, indicating a high level of compliance during the start-up phase of the program.
- The start-up budget will be reviewed during a formal review process in October 2005.

To date, ERA is meeting and on track to fulfill the goals and performance measures in the 2005/06 Business Plan.

“Nearly 1000 tonnes of electronics were recycled in the program’s first six months, a true benefit to the environment and the people of Alberta.”







# Tire Recycling Alberta

Our tireless commitment continues to turn millions of scrap tires into new products, new opportunities and new hope for Alberta's environment.

## Tire Recycling Alberta: Goals & Performance Measures

**GOAL ONE:** There is a tire recycling solution for all Alberta scrap tires.

### Performance Measure 1.1 Annual Processing Volumes:

All recoverable and processable Alberta scrap tires are collected and recycled annually.

**Indicator:** Increases in the total number of tires collected and recycled annually (based on estimates of new tires sold, "recovery rate" and past processing volumes).

**Strategy:** Monitor the total number of tires available for recycling and the number of tires recycled under the TRA's Incentive Program and Development Program and, where necessary, consider amendments to the programs to further encourage collection and recycling.

#### Passenger Tire Equivalent [PTE]\* Recycled

|                        |                           |
|------------------------|---------------------------|
| 2000/01 Results        | 3.22 million PTEs         |
| 2001/02 Results        | 3.30 million PTEs         |
| 2002/03 Results        | 3.31 million PTEs         |
| 2003/04 Results        | 3.47 million PTEs         |
| <b>2004/05 Results</b> | <b>4.16 million PTEs</b>  |
| <i>2004/05 Target</i>  | <i>3.65 million PTEs*</i> |

\*PTEs: With tires varying in size and weight, TRA measures the amount of tires or tire materials using a standardized unit based on weight, the Passenger Tire Equivalent (PTE), to represent an "average" car tire. One PTE equals 10kgs (22lbs) of tire material. For example, there are 100 PTEs in one tonne of tires.

### Results

1. For 2004/05 the total number of tires recycled was 4.16 million passenger tire equivalents (PTEs), a significant increase over the previous year and the target.
  - a) The increase was due to the processing of a backlog of tires in one large private stockpile that had built up over a number of years.
2. The total demand for recycled rubber material remained stable, with shred volumes increasing to offset reduced crumb markets (see Goal 3).



## **GOAL TWO: The solution is environmentally and socially responsible.**

### **Performance Measure 2.1 Environmental Enhancement:**

Minimize the number of scrap tires in stockpiles and ensure the proper storage of these tires, to reduce the risk to the environment and improve environmental quality.

**Indicator:** Lower annual volumes of stockpiled tires, and conformity of stockpiles with the Alberta Fire Code or applicable municipal requirements.

**Strategy:** Develop and implement procedures to:

- measure the number of tires in stockpiles in Alberta,
- inspect processor sites,
- determine the number of stockpiles in existence in Alberta in 2004/05, and
- determine the projections for stockpile reduction for 2005/06 and 2006/07.

### **Results**

1. A major project was undertaken to reduce excess stockpiles of tires in inventory at major processing sites. This project involved the sorting and processing of approximately 2.0 million scrap tires.
  - a) Monthly inspections of processor sites were conducted to ensure that compliance to the Fire Code is maintained.
2. A major stockpile reduction project resulted in over 500,000 scrap tires from a private stockpile in southern Alberta being loaded, transported and processed.



## Tire Recycling Alberta: Goals & Performance Measures (continued)

### Results (continued)

3. A process of surveying municipal landfills for stockpiles and collection issues was implemented.
  - a) Surveying will also seek information on private stockpiles known by municipal waste management officials.
  - b) If a stockpile is identified, an inspection immediately takes place to determine whether the Fire Code is being violated and steps are taken to move these tires to a registered processor.
  - c) Periodic monitoring will identify emerging stockpiles to be addressed in the coming two years.
4. The following chart illustrates the cumulative number of tires recycled in Alberta since the tire recycling program was introduced in 1992. Albertans currently discard over 3 million tires annually and, under the TRA program, Alberta's tire recycling industry is able to recycle all these tires. By the end of fiscal 2004/05, the total amount recycled under the program since inception is approximately 35 million tires.

**Cumulative Total "Passenger Tire Equivalents" Recycled (in millions)**



### **Performance Measure 2.2 Save Non-renewable Resources:**

The use of recycled tire material reduces or replaces the use of non-renewable resources.

---

**Indicator:** Increasing the volume of non-renewable resources that is saved by using recycled tire material, including:

- volume of gravel replaced by the use of shred in leachate collection systems,
- landfill space and life cycle costs saved by the diversion of scrap tires through recycling,
- volume of materials replaced by recycled tire products used in Alberta, for example, rubber crumb for sand, rubber paving stones and tiles for concrete.

**Strategy:** Develop and implement procedures to measure the quantities of gravel replaced and landfill space and costs as described in the above indicators for budgets and projections.

### **Results**

1. Approximately 25,000 tonnes of shredded tire material was used for leachate collection systems, saving 100,000 tonnes of washed rock.

## Tire Recycling Alberta: Goals & Performance Measures (continued)

### Results (continued)

2. In 2004/05 recycling 4.16 million tires instead of burying them saved 320,000 cubic yards of landfill space. At a full life cycle cost evaluation of landfill space of \$85 per m<sup>3</sup>, this represents savings to Albertans of about \$27 million during this fiscal year.
3. Between 1992 and 2005, under the program, approximately 35 million tires have been recycled. This has generated the following benefits to Albertans and our environment:
  - a) 170,000 tonnes of shred, saving 680,000 tonnes of washed rock,
  - b) 2.7 million m<sup>3</sup> of landfill space, saving approximately \$228 million in life-cycle landfill costs, and
  - c) 170,000 tonnes of crumb and product, saving concrete sidewalk and patio blocks, virgin rubber matting, sand and other non-renewable materials.
4. ARMA funded research that would reduce non-renewable resources used, through the use of recycled tire material:
  - a) Funding was provided to the Alberta Research Council to investigate the feasibility of reclaiming rubber from scrap tires as a viable substitute for virgin and synthetic rubber in making new tires.
  - b) Research also continued into the use of recycled rubber as an additive to asphalt roadways to reduce cracking and rutting and provide better traction and a reduction in noise pollution. If successful, there could be a reduction in the amount of road materials used due to longer road life and reduced maintenance. Another nine asphalt rubber projects are expected in Alberta over the next fiscal year.



### **Performance Measure 2.3 Public Health:**

Minimizing disease-carrying insects in tire stockpiles reduces the risk to health.

---

**Indicator:** Lowering of the incidence in tire piles of mosquitoes capable of transmitting West Nile Virus, and eliminating any incidents of infected larvae should that occur.

**Strategy:** Testing for incidents of subject mosquitoes, and the safe elimination of any infected stockpiles.

### **Results**

1. Spot checks were conducted for the presence of mosquito larvae at strategic locations, including processor facilities where there was a significant inventory of tires.
2. Results indicated that there was no presence of mosquito species that are suspected of transmitting West Nile Virus.
3. Actions under Performance Measure 2.1 will lower the number of tire stockpiles in which the insects breed.

### **Performance Measure 2.4 Public Benefit:**

Albertans benefit from the use of recycled tire products in their communities.

---

**Indicator:** The number of communities using recycled tire product, the amount of recycled tire product used in Alberta, the value of that product, and the benefits and satisfaction reported by Albertans in their communities.

**Strategy:** Implement initiatives to encourage Albertans to use recycled materials, estimate levels of use in 2004/05 and determine projections based on the above indicators.

## Tire Recycling Alberta: Goals & Performance Measures (continued)

### Results

1. The Community Centennial Grant Program, which provides funds to communities that incorporate recycled tire products into community enhancement projects, provided grants to 68 communities in 2004/05, for a total of over 160 projects since 2000. These grants represent close to \$3.5 million that has been put back directly into Alberta communities.
2. Through the Tire Marshalling Area Program, grants totalling more than half a million dollars were given to 31 landfills across the province to assist in improving the way they collect and handle their scrap tires.
3. Alberta's hard working 4-H clubs collected approximately 43,000 passenger, light/medium truck and off-road tires in this year's tire roundup with an incentive paid to the clubs for each scrap tire collected. Due to interest levels, the roundup will expand to include all provincial 4-H regions in the next fiscal year.
4. Albertans benefited from the recycling of 4.16 million tires in 2004/05, and a cumulative total of almost 35 million tires under the program, in the following ways:\*\*\*
  - a) Savings in life-cycle landfill costs by not burying tires;\*\*\*
    - 2004/05: \$27 million
    - 1992-2005: \$228 million
  - b) Tire shred replacing washed rock as a leachate drainage material in landfill sites across Alberta
    - 2004/05: \$5 million
    - 1992-2005: \$35 million
  - c) Valuable recycled rubber crumb and manufactured products are being made and used in Alberta. (The value of the crumb is \$2.5 million this year, \$25 million cumulative, half of which is manufactured into products. No additional value has been estimated for the products manufactured from crumb.)
    - 2004/05: 16,600 tonnes
    - 1992-2005: 170,000 tonnes

\* Albertans have remitted \$140 million on the purchase of 35 million tires, and have received on the order of \$300 million in economic benefits in addition to preventing the potential environmental hazards posed by discarded scrap tires.

\*\* It costs \$6.00 to bury a tire, and \$4.00 to recycle it.

### **Performance Measure 2.5 Contribution to the Economy:**

The direct and indirect economic wealth created as a result of investment in and operation of tire recycling companies.

---

**Indicator:** The gross annual revenues and economic multiplier impact of the tire recycling industry.

**Strategy:** Develop and implement procedures to measure the gross annual revenues and multiplier impact of the tire recycling industry, determine the levels of 2004/05 Budget, and determine the Projections for 2005/06 and 2006/07.

### **Results**

1. The analysis of the tire recycling industry has been deferred to the new formal program review process being conducted by the Tire Recycling Alberta Industry Council in early 2005/06.



## Tire Recycling Alberta: Goals & Performance Measures (continued)

### GOAL THREE: The solution is economically viable.

#### Performance Measure 3.1 Value-added Recycling:

Diversified value-added recycling of scrap tires enhances the development of a stronger industry through products that are competitive in the marketplace.

**Indicator:** The proportion of the total number of scrap tires that are processed annually under TRA programs that go to manufactured product, rubber crumb and civil engineering applications.

**Strategy:** Monitor the total number of tires processed for manufactured product, rubber crumb and civil engineering under TRA's Incentive Program and Development Program and, where necessary, consider amendments to the programs to further encourage higher end uses and processing.

|                        | Manufactured Product | Rubber Crumb | Civil Engineering |
|------------------------|----------------------|--------------|-------------------|
| 2000/01 Results        | 11%                  | 43%          | 46%               |
| 2001/02 Results        | 19%                  | 35%          | 46%               |
| 2002/03 Results        | 20%                  | 34%          | 46%               |
| 2003/04 Results        | 17%                  | 29%          | 54%               |
| <b>2004/05 Results</b> | <b>23%</b>           | <b>17%</b>   | <b>60%</b>        |
| <i>2004/05 Target</i>  | <i>26%</i>           | <i>40%</i>   | <i>34%</i>        |

#### Definitions:

**Manufactured Product** – Products made from rubber crumb, such as molded bricks, anti-fatigue mats, dairy mattresses.

**Rubber Crumb** – Particles of rubber ground from shredded scrap tires – from pea-gravel size down to the consistency of flour – with the steel and fibre components removed. Uses for rubber crumb include: feedstock to manufacturers and crumb applications such as playground surfaces (i.e., sand replacement).

**Civil Engineering (Shred)** – The use of tire "shred" as value-added material in civil engineering projects because of its superior characteristics (i.e., drainage, insulation, lightweight). Tire "shred" is pieces of mechanically cut-up tires, usually 2" to 4" chunks, with steel and fibre still embedded.

## **Results**

### **1. Manufactured Products**

- a) There was a significant increase in the amount of manufactured products as all three Alberta manufacturers experienced growing sales (especially after a decline in the previous year) although the amount of manufactured product was under target this year.
- b) The industry will continue to grow as the markets strengthen through continuing business and product development.
- c) The industry growth is reinforced by TRA programs that fund new and improved technologies and markets, plus stimulate public purchases through the Centennial Community Grant Program.

### **2. Rubber Crumb**

- a) A continued softening of the international crumb markets resulted in a drop in the amount of rubber crumb processed. However, markets started rebounding and prices strengthened later in the fiscal year.

### **3. Civil Engineering**

- a) The volume of civil engineering projects increased substantially as TRA worked with municipal landfill officials and shredding companies to complete the inventory reduction project.
- b) TRA will build on this project by working with municipalities to better identify and schedule leachate projects over a three-year timeframe. Consistency in the timing and volume of these projects will allow the industry to better manage their production and markets.

While TRA continues to advocate value-added processing of crumb and products as a way to sustain the industry, civil engineering projects remain an important component to ensure that there is a recycling solution for all the scrap tires Albertans discard annually.

## Tire Recycling Alberta: Goals & Performance Measures (continued)

### GOAL FOUR: Albertans are aware of and support tire recycling

#### Performance Measure 4.1 Public Awareness:

The public and stakeholders are adequately informed about tire recycling in Alberta.

**Indicator:** Increasing levels of awareness and support by the public and stakeholders.

**Strategy:** TRA will develop and implement a communication plan and annually measure results and determine changes to awareness and support by the public and stakeholders.

#### Results

##### 1. Benchmark results (Ipsos-Reid Public Opinion Survey)

- Awareness
  - 2003: 78%
  - 2004: 81%
- Acceptance
  - 2003: 68%
  - 2004: 67%

##### 2. Generally there are good awareness and acceptance levels for Alberta's tire recycling program.

- TRA, working in conjunction with ARMA Communications as part of an organization-wide Communications Review, will strive to enhance stakeholder perception and acceptance of Alberta's tire recycling program in order to measure statistically significant improvements every year. This will be accomplished through the development of a three-year Strategic Communication Plan.
- TRA undertook public information initiatives to better inform Albertans about the new organization and specifically the tire recycling program.
- New print materials were developed and distributed throughout the province to showcase recycled tire products.
- The website is continually updated to keep Albertans informed of Alberta's tire recycling program.



## **GOAL FIVE: ARMA is accountable for management of the tire recycling program and TRA operations.**

### **Performance Measure 5.1 Accountability:**

ARMA is fully accountable for the management of the funds through the program, the results achieved and all operations of TRA.

**Indicator:** Fulfillment of accountability requirements including those arising out of the Regulation and the Bylaws.

#### **Strategy:**

- Submit to the Minister as required the business plan, annual budget and annual report.
- Fulfill corporate reporting requirements including the Annual General Meeting.
- Report on TRA's accountability framework, including the Regulation, Bylaws and the following policies and procedures adopted by TRA and identify and address shortcomings:
  - Assessment Operations Policy
  - Audit Committee Policy
  - Conflict of Interest Policy
  - TRA Investment Fund Management Policy
  - Remuneration & Expense Policy
  - TRA Advance Disposal Surcharge Compliance Procedure
  - TRA Program Compliance Review Procedure
  - Data Management, Disaster Recovery and Record Management Procedures
- Public accountability: TRA is committed to reporting regularly to Albertans on its performance and accountability.

#### **Results**

1. For 2004/05, the TRA completed all the requirements of:
  - The Regulation
  - The Bylaws
  - The accountability policies and procedures
2. Public accountability: TRA provided information on its performance through public presentations (i.e. speeches, tradeshow), media relations and printed material, in addition to the Annual Report.

## Tire Recycling Alberta: Goals & Performance Measures (continued)

### Performance Measure 5.2 Operation Costs:

Ensure program delivery and administration operations are effective and efficient.

**Indicator:** Control the costs of core operations (Surcharge Collection, Recycling Program Delivery, Administration) – expressed as a percent of annual surcharge revenues (see definitions below).

**Strategy:** Costs of core operations will be monitored and maintained or reduced through the TRA's annual business planning, budget and financial audit review processes.

|                 | Total | Surcharge Collection | Recycling Program Delivery | Administration |
|-----------------|-------|----------------------|----------------------------|----------------|
| 1999/00 Results | 17.0% | 3.7%                 | 5.5%                       | 7.8%           |
| 2000/01 Results | 13.8% | 2.5%                 | 4.7%                       | 6.6%           |
| 2001/02 Results | 13.3% | 2.5%                 | 3.9%                       | 6.9%           |
| 2002/03 Results | 15.6% | 3.3%                 | 5.1%                       | 7.2%           |
| 2003/04 Results | 12.0% | 3.5%                 | 2.7%                       | 5.7%           |
| 2004/05 Target  | 13.2% | 3.8%                 | 4.5%                       | 4.9%           |
| 2004/05 Results | 13.8% | 3.3%                 | 4.5%                       | 6.0%           |

Definitions:

Surcharge Collection – The cost of collecting the environmental fee (also referred to as Advance Disposal Surcharge) on the sale of over 3.0 million tires annually, as remitted by over 2000 retailers throughout Alberta, and including registration, compliance, and recovery actions.

Recycling Program Delivery – The direct cost of operating the TRA recycling programs, including evaluation, approval and compliance monitoring of the collection, processing, and use of recycled scrap tire material.

Administration – Expenditures resulting from the general administration of the TRA including activities of the Board of Directors and staff, communications, computer systems, space, supplies and overhead expenses.

Total (Total Operating Costs) – sum of the above, from the Statement of Revenue and expenditures.

Annual Surcharge Revenues – The total environmental fee (Advance Disposal Surcharge) revenue remitted during the subject fiscal year.

## Results

1. Operational costs increased monthly due to:

- the change and growth in ARMA, including organizational changes to the association and the Board, the establishment of a new Industry Council, new staff and financial administration.
- The additional costs will gradually decrease due to streamlining of programs policies, procedures, and the cooperative and shared efforts between TRA and ERA general administrative operations.

# Household Hazardous Waste

ARMA is proud to extend its promise to Albertans and Alberta's environment by managing the Household Hazardous Waste Program which treats and disposes of over 1 million litres of hazardous materials every year.



## **Alberta Environment - Household Hazardous Waste Program: Update**

In 2004/05, ARMA entered into a grant Agreement with Alberta Environment to manage the province's Household Hazardous Waste (HHW) Program. The total amount of the grant was \$778,000.

A total of six HHW brokers were contracted by ARMA to collect the material and consolidate it for shipment to the Swan Hills Waste Treatment Centre, located near Swan Hills, Alberta. ARMA also entered into a contractual arrangement with a hazardous waste transportation company to transport the material.

During the reporting period, a total of \$772,813 was expended in accordance with the terms of the grant Agreement including administration costs for salaries, office expenses, legal and independent auditing of \$74,015.

A total of 188 HHW round-ups were held in communities throughout the province during 2004/05.

In total, some 7294 drums (205 litres) of hazardous material was collected and safely disposed of at the Swan Hills Waste Treatment Centre during 2004/05. In addition, 283,182 aerosol containers were removed from the environment and safely disposed of.

Subsequently, Alberta Environment has partnered with ARMA to administer the HHW program in 2005/06.



# Financial Statements

Alberta Recycling Management Authority (ARMA)

Year Ended March 31, 2005



# Index to Financial Statements

## Auditors' Report 39

### Financial Statements

|  |       |
|--|-------|
| Statement of Financial Position        | 40    |
| Statement of Revenues and Expenditures | 41    |
| Statement of Changes in Net Assets     | 42    |
| Statement of Cash Flow                 | 43    |
| Notes to Financial Statements          | 44-52 |

### *Combined Financial Information: (refer to notes to financial statements)*

|               |   |    |
|---------------|---|----|
| Schedule 1    | Combined Statement of Financial Position        | 53 |
| Schedule 1(a) | Combined Statement of Revenues and Expenditures | 54 |
| Schedule 1(b) | Combined Statement of Changes in Net Assets     | 55 |
| Schedule 1(c) | Combined Statement of Cash Flow                 | 56 |

### *Divisional Financial Information: (refer to notes to financial statements)*

### Tire Recycling Alberta

|               |  |    |
|---------------|--|----|
| Schedule 2    | Statement of Financial Position        | 57 |
| Schedule 2(a) | Statement of Revenues and Expenditures | 58 |
| Schedule 2(b) | Statement of Changes in Net Assets     | 59 |
| Schedule 2(c) | Statement of Cash Flow                 | 60 |

### Electronics Recycling Alberta

|               |   |    |
|---------------|---|----|
| Schedule 3    | Statement of Financial Position                                     | 61 |
| Schedule 3(a) | Statement of Revenues and Expenditures<br>and Changes in Net Assets | 62 |
| Schedule 3(b) | Statement of Cash Flow  | 63 |

### Household Hazardous Waste

|               |   |    |
|---------------|---|----|
| Schedule 4    | Statement of Financial Position                                     | 64 |
| Schedule 4(a) | Statement of Revenues and Expenditures<br>and Changes in Net Assets | 65 |
| Schedule 4(b) | Statement of Cash Flow  | 66 |

# Auditors' Report

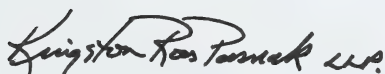
June 7, 2005  
Edmonton, Alberta

To the members of Alberta Recycling Management Authority:

We have audited the statement of financial position of the Alberta Recycling Management Authority (the "Authority") as at March 31, 2005 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2005 and the results of its operations, the changes in its net assets and its cash flow for the year then ended, in accordance with Canadian generally accepted accounting principles.



Kingston Ross Pasnak LLP  
Chartered Accountants

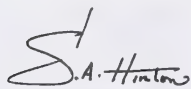
# Statement of Financial Position

March 31, 2005

|   | Tire Recycling<br>Alberta | Electronics<br>Recycling Alberta | Household<br>Hazardous<br>Waste Program |
|---|---------------------------|----------------------------------|---|
|   | (Note 1)<br>Sch. 2, pg.57 | (Note 1)<br>Sch. 3, pg.61        | (Note 1)<br>Sch. 4, pg. 64              |
| <b>ASSETS</b>                                     |                           |                                  |   |
| <b>Current assets:</b>                            |                           |                                  |   |
| Cash  | \$ 1,057,442              | \$ -                             | \$ 64,214                               |
| Investments (Note 4)                              | 411,504                   | -                                | -                                       |
| Accounts receivable                               | 1,169,536                 | 1,867,189                        | -                                       |
| Prepaid expenses                                  | 17,568                    | 1,548                            | -                                       |
|   | 2,656,050                 | 1,868,737                        | 64,214                                  |
| Investments (Note 4)                              | 20,017,565                | -                                | -                                       |
| Property and equipment (Note 6)                   | 213,833                   | -                                | -                                       |
|   | \$ 22,887,448             | \$ 1,868,737                     | \$ 64,214                               |
| <b>LIABILITIES AND NET ASSETS</b>                 |                           |                                  |   |
| <b>Current liabilities:</b>                       |                           |                                  |   |
| Bank indebtedness (Note 7)                        | \$ -                      | \$ 1,952,175                     | \$ -                                    |
| Payable to recyclers                              | 1,778,185                 | 100,137                          | -                                       |
| Accounts payable and accrued liabilities          | 1,076,069                 | 280,472                          | 52,046                                  |
|   | 2,854,254                 | 2,332,784                        | 52,046                                  |
| <b>Externally restricted net assets (Note 9):</b> |                           |                                  |   |
| Operating reserve                                 | 13,648,121                | -                                | -                                       |
| Invested in property and equipment                | 213,833                   | -                                | -                                       |
| Surplus (deficit)                                 | 6,171,240                 | (464,047)                        | 12,168                                  |
|   | 20,033,194                | (464,047)                        | 12,168                                  |
|   | \$ 22,887,448             | \$ 1,868,737                     | \$ 64,214                               |

Commitments (Note 10)  
See accompanying notes to financial statements

On behalf of the Board:



Chairman



Treasurer



# Statement of Revenues and Expenditures

March 31, 2005

|   | Tire Recycling<br>Alberta | Electronics<br>Recycling Alberta | Household<br>Hazardous<br>Waste Program |
|---|---------------------------|----------------------------------|---|
|   | (Note 1)                  | (Note 1)                         | (Note 1)                                |
|   | Sch. 2(a), pg.58          | Sch. 3(a), pg.62                 | Sch. 4(a), pg.65                        |
| <b>Recycling revenues:</b>  |                           |                                  |   |
| Advance disposal surcharges   | \$ 13,680,363             | \$ 2,991,385                     | \$ -                                    |
| Interest  | 27,229                    | -                                | 6,981                                   |
| Government grants   | -                         | -                                | 778,000                                 |
| Total recycling revenues  | 13,707,592                | 2,991,385                        | 784,981                                 |
| Less:   |                           |                                  |   |
| Surcharge compliance program delivery                                       | 448,409                   | 681,895                          | -                                       |
| Recovery of bad debts   | (13,758)                  | -                                | -                                       |
| Gross contribution  | \$ 13,272,941             | \$ 2,309,490                     | \$ 784,981                              |
| <b>Recycling expenditures</b>   |                           |                                  |   |
| Recycling incentive programs:   |                           |                                  |   |
| Collections   | -                         | 23,394                           | -                                       |
| Transportation and handling   | -                         | 57,043                           | 107,483                                 |
| Processing  | 10,936,318                | 586,759                          | 591,315                                 |
| Recycling program delivery  | 619,404                   | 981,392                          | -                                       |
| Total recycling expenditures  | 11,555,722                | 1,648,588                        | 698,798                                 |
| <b>Administration</b>   |                           |                                  |   |
| Salaries and related expenses   | 541,040                   | 249,178                          | 61,603                                  |
| General administration expenses   | 208,854                   | 121,255                          | 4,387                                   |
| Amortization  | 35,243                    | 28,013                           | -                                       |
| Financial audit   | 76,905                    | 15,515                           | 8,025                                   |
| Operation expenditures  | 862,042                   | 413,961                          | 74,015                                  |
| Fund investment   |                           |                                  |   |
| Investment income   | 1,262,978                 | -                                | -                                       |
| Less:   |                           |                                  |   |
| Fund investment program delivery  | (81,288)                  | -                                | -                                       |
| Investments managers and related  | (86,445)                  | -                                | -                                       |
| Net investment income   | 1,095,245                 | -                                | -                                       |
| Revenue over expenditures before major<br>recycling development initiatives | 1,950,422                 | 246,941                          | 12,168                                  |
| <b>Recycling development and other</b>                                      |                           |                                  |   |
| Recycling development programs  | 1,988,451                 | -                                | -                                       |
| Public information  | 1,527,437                 | 710,988                          | -                                       |
| Scrap tire issues management  | 2,862,118                 | -                                | -                                       |
| E-Business  | 2,412                     | -                                | -                                       |
| Program delivery  | 392,105                   | -                                | -                                       |
| Total recycling development   | 6,772,523                 | 710,988                          | -                                       |
| Revenue (under) over expenditures   | \$ (4,822,101)            | \$ (464,047)                     | \$ 12,168                               |

## Statement of Changes in Net Assets

March 31, 2005

|  | Property and<br>Equipment | Operating<br>Reserve | Tire Recycling<br>Alberta    | Electronics<br>Recycling Alberta | Household<br>Hazardous<br>Waste Program |
|--|---------------------------|----------------------|------------------------------|----------------------------------|---|
|  |                           | (Note 9)             | (Note 1)<br>Sch. 2(b), pg.59 | (Note 1)<br>Sch. 3(a), pg.62     | (Note 1)<br>Sch. 4(a), pg. 65           |
| Net assets, beginning of year          | \$ 122,426                | \$ 12,998,210        | \$ 11,734,659                | \$ -                             | \$ -                                    |
| Excess of expenditures over revenues   | -                         | -                    | (4,822,101)                  | (464,047)                        | 12,168                                  |
| Amortization of property and equipment | (63,256)                  | -                    | 35,243                       | 28,013                           | -                                       |
| Interfund transfers (Note 9)           | -                         | 649,911              | (621,898)                    | (28,013)                         | -                                       |
| Investment in property and equipment   | 154,663                   | -                    | (154,663)                    | -                                | -                                       |
| Net assets, end of year                | \$ 213,833                | \$ 13,648,121        | \$ 6,171,240                 | \$ (464,047)                     | \$ 12,168                               |

# Statement of Cash Flow

March 31, 2005

|  | <b>Tire Recycling<br/>Alberta</b> | <b>Electronics<br/>Recycling Alberta</b> | <b>Household<br/>Hazardous<br/>Waste Program</b> |
|--|-----------------------------------|--|--|
|  | (Note 1)<br>Sch. 2(c), pg.60      | (Note 1)<br>Sch. 3(b), pg.63             | (Note 1)<br>Sch. 4(b), pg. 66                    |
| Cash flow from (used in) operating activities: |                                   |  |  |
| Advance disposal surcharges collected          | \$ 13,665,843                     | \$ 1,124,196                             | \$ 784,981                                       |
| Surcharge collection costs                     | (434,651)                         | (681,895)                                | -  |
| Processing                                     | (17,526,727)                      | (2,259,439)                              | (698,798)  |
| Administration                                 | (541,945)                         | (135,037)                                | (21,969)   |
|  | (4,837,480)                       | (1,952,175)                              | 64,214   |
| Cash flow from (used in) investing activities: |                                   |  |  |
| Investment income                              | 1,262,978                         | -  | -  |
| Investment management costs                    | (167,733)                         | -  | -  |
| Repayment of funds from related programs       | 344,484                           | -  | -  |
| Acquisition of property and equipment          | (154,663)                         | -  | -  |
| Net proceeds on sale of investments            | 2,580,621                         | -  | -  |
|  | 3,865,687                         | -  | -  |
| (Decrease) Increase in cash position           | (971,793)                         | (1,952,175)                              | 64,214   |
| Cash, beginning of year                        | 2,029,235                         | -  | -  |
| (Bank Indebtedness) Cash, end of year          | \$ 1,057,442                      | \$ (1,952,175)                           | \$ 64,214  |

### Note 1 Authority and Purpose

The Alberta Recycling Management Authority (the "Authority") is incorporated under the Societies Act of the Province of Alberta and has a mandate to establish waste minimization and recycling initiatives and programs in the Province of Alberta in accordance with sound environmental principles.

The Designated Material Recycling & Management Regulation AR93/04 (the "Regulation") authorizes the Authority to levy and collect advance disposal surcharges, which are to be used to provide or pay for any or all of the following but in respect of that specific designated material only:

- Waste minimization and recycling programs;
- Education programs for the purpose of minimization and recycling programs;
- Expenditures on the collection, transportation, storage, processing and disposal of designated materials;
- Research and development activities related to designated materials management;
- Promotion of the uses of recycled materials and products.

Under the Designation Regulations (AR 95/04) and (AR 94/04), tires and electronics respectively, have been defined as "designated materials" by the Government of Alberta.

#### Tire Waste

The Authority administers, through its division, Tire Recycling Alberta ("TRA"), used tire waste minimization and recycling programs in the Province of Alberta. TRA uses advance disposal surcharges charged on the sale of certain new tires in Alberta to fund used tire recycling initiatives in accordance with the Regulation.

#### Electronic Waste

In October, 2004, the Authority started administering, through its division, Electronics Recycling Alberta ("ERA"), a used electronics waste minimization and recycling program in the Province of Alberta. ERA uses advance disposal surcharges charged on the sale of certain new electronics in Alberta to fund used electronics recycling initiatives in accordance with the Regulation.

#### Household Hazardous Waste

On April 1, 2004, the Authority entered into a one-year agreement with the Province of Alberta to administer the Province's Household Hazardous Waste ("HHW") Program. Under the terms of the agreement, the Authority received \$700,000 of funding from Alberta Environment. These funds are restricted for use on the Household Hazardous Waste Program.

The Authority is a not-for-profit association, and accordingly, no provision for corporate income taxes has been provided in these financial statements pursuant to Section 149(1)(l) of the Income Tax Act, Canada.



### Note 2 Basis of Presentation

The Authority bases its accounting policies on generally accepted accounting principles in Canada, specifically those comprising the accounting recommendations for not-for-profit organizations included in the Accounting Recommendations of the Canadian Institute of Chartered Accountants Handbook.

The financial statements of the Authority include the operations of Tire Recycling Alberta, Electronics Recycling Alberta and the Household Hazardous Waste Program. Each program has a separate and distinct purpose and is governed by its own legislative mandate. The Regulation requires that each program be operated and funded separately. Use of advance disposal surcharge revenues and/or funds between the programs is not permitted by the legislation.

The combined statements of financial position, revenues and expenditures, and changes in net assets as reported in the schedules to the financial statements have been presented in accordance with the requirements of Section 4400 of the Accounting Recommendations of the Canadian Institute of Chartered Accountants Handbook which requires the presentation of total assets, liabilities, revenues, expenses and net assets for all programs be reported. Totals have been provided solely for the purpose of presenting the overall financial position, results of operations, changes in net assets and cash flows for the Authority. This presentation is not intended to imply that the assets, liabilities, revenues, expenses and net assets of each of the programs have been combined or co-mingled. By law, the assets, liabilities, revenues, expenses and net assets of each program cannot be combined or co-mingled.

### Note 3 Significant Accounting Policies

#### Revenue recognition

Revenue from advance disposal surcharges on new tires supplied in Alberta is recognized by the Authority at the time the tires are supplied to the end consumer.

Revenue from advanced disposal surcharges on new electronics supplied in Alberta is recognized by the Authority at the time the electronics are supplied to the customer.

Tire and electronics sales volumes from suppliers, including the capturing of new suppliers, is subsequently reviewed by the Authority. The Authority may revise revenue owing based on this review. Any amendments arising from this review are recorded by the Authority as adjustments to revenue in the period in which the amendments are made. The revenues represent management's best estimate; however, due to the inherent uncertainties in the industry reporting, there may be adjustments in future periods and such adjustments may be material to the financial position of the Authority.

Revenue from government grants is recognized by the Authority when approved.

The Authority uses the restricted fund method of accounting.

**Note 3 Significant Accounting Policies (continued)****Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant management estimates pertain to the collectibility of Advance Disposal Surcharges and related accounts receivable and the estimated useful lives of property and equipment.

**Financial instruments****Fair value**

The carrying values of cash, accounts receivable, bank indebtedness, payables to recyclers, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these instruments.

**Credit risk**

Credit risk arises from the potential that tire or electronics registrants will fail to perform their respective obligations. The Authority is exposed to credit risk from these registrants. However, the Authority has a large number of registrants, which minimizes the concentration of credit risk.

**Currency risk and interest rate risk**

The Authority has investments that are denominated in a foreign currency and is therefore exposed to currency risk. The Authority's earnings are exposed to financial risk that arises from fluctuations in interest rates and foreign exchange rates and the degree of the volatility of these rates. As at March 31, 2005 foreign denominated investments amounted to \$1,764,811 (8.6%) of the Authority's total portfolio. The Authority does not use derivative or other financial instruments to reduce its exposure to interest and foreign currency risk.

**Investments**

Investments are recorded at the lower of cost and market. Pooled fund investments include money market, debt and equity-based pooled funds that are widely held and diversified. Investment income on pooled funds is recognized when distributed by the fund. Other interest and investment income is recognized when earned.

## Notes to the Financial Statements

March 31, 2005

### Note 3 Significant Accounting Policies (continued)

#### Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is recorded on the straight-line basis over the estimated useful lives of the assets as follows:

|                                 | Years |
|---------------------------------|-------|
| Computer equipment and software | 3     |
| Furniture and fixtures          | 5     |
| Leasehold improvements          | 5     |

### Note 4 Investments

|  | Coupon Rate        | Maturity                    | Face Value   | Market Value  | Cost          |
|--|--------------------|-----------------------------|--------------|---------------|---------------|
| Bonds and debentures                       | 3.00%<br>to 6.865% | 06/01/2006 to<br>06/01/2033 | \$ 6,578,977 | \$ 7,072,685  | \$ 6,735,714  |
| Securities:                                |                    |                             |              |               |               |
| Canadian                                   |                    |                             |              | 2,747,008     | 1,729,479     |
| Foreign                                    |                    |                             |              | 1,686,475     | 1,697,839     |
| Accrued income                             |                    |                             |              | 99,402        | 99,402        |
| Pooled funds                               |                    |                             |              | 11,591,030    | 11,914,180    |
| Cash with custodian:                       |                    |                             |              |               |               |
| Canadian                                   |                    |                             |              | 35,526        | 35,526        |
| Foreign                                    |                    |                             |              | 65,642        | 66,972        |
| Provision for write-down<br>of investments |                    |                             |              | -             | (1,850,043)   |
| Total investments – 2005                   |                    |                             |              | 23,297,768    | 20,429,069    |
| Less: Current Portion                      |                    |                             |              | (408,269)     | (411,504)     |
|  |                    |                             |              | \$ 22,889,499 | \$ 20,017,565 |
| Total investments – 2004                   |                    |                             |              | \$ 25,500,063 | \$ 23,009,690 |

### Note 5 Deferred charges

Deferred charges consists of costs related to the startup of the E-Waste (electronic waste) initiative. These costs were expensed in the current year.

## Notes to the Financial Statements

March 31, 2005

### Note 6 Property and equipment

|                                 |            |                             | 2005              | 2004              |
|---------------------------------|------------|-----------------------------|-------------------|-------------------|
|                                 | Cost       | Accumulated<br>Amortization | Net Book<br>Value | Net Book<br>Value |
| Computer equipment and software | \$ 414,842 | \$ 339,280                  | \$ 75,562         | \$ 61,883         |
| Furniture and fixtures          | 125,327    | 64,178                      | 61,149            | 28,927            |
| Leasehold improvements          | 94,781     | 17,659                      | 77,122            | 31,616            |
|                                 | \$ 634,950 | \$ 421,117                  | \$ 213,833        | \$ 122,426        |

### Note 7 Bank Indebtedness

#### Electronics Recycling Alberta

Bank indebtedness bears interest at prime and is secured by a general security agreement covering all present and after acquired property. The maximum revolving line of credit available is \$2,700,000.



## Notes to the Financial Statements

March 31, 2005

### Note 8 Compensation

As required under the Designated Material Recycling and Management Regulation (AR 93/04), Section 16(2) and Section 16(3), the remuneration and benefits paid to all members of the Board of Directors (on an individual basis by name) and to all management personnel who report directly to one or more members of the Board of Directors (on an aggregate basis) are as follows:

|   | 2005       |
|---|------------|
| Board of directors' honoraria:            |            |
| Mr. Dwight Brown (to July 2004)           | \$ 2,837   |
| Mr. John Finn (to July 2004)              | 1,390      |
| Mr. Merv Domanko                          | 13,509     |
| Mr. Sid Hinton (Chairman)                 | 60,375     |
| Mr. Myles Kitagawa                        | 10,815     |
| Mr. Dennis Irving                         | 25,325     |
| Mr. Bart Guyon (to December 2004)         | 11,570     |
| Mr. Al Schulz (Secretary/Treasurer)       | 19,455     |
| Mr. John Trefanenko                       | 17,370     |
| Mr. Bruce MacKenzie                       | 14,503     |
| Mr. Sean McCullough (since November 2004) | 1,450      |
| Mr. Grant Pisko (since November 2004)     | 2,875      |
| Mr. Eugene Wauters (since January 2005)   | 1,600      |
| Sub-total                                 | 183,074    |
| Executive Director salary                 | 119,173    |
| Benefits salary                           | 9,950      |
| Total                                     | \$ 312,197 |

## Notes to the Financial Statements

March 31, 2005

### Note 9 Externally restricted net assets

#### Tire Recycling Account

The net assets are externally restricted as stipulated in the Regulation and are maintained for purposes set out in the Regulation.

On April 1, 2003, the Authority internally restricted net assets through the establishment of an operating reserve such that in the event of a windup the Authority would be able to sustain the provision of tire recycling programs to Albertans at levels equivalent to currently budgeted operating expenditures. For the year ended March 31, 2005, the Authority transferred \$649,911 from Tire Recycling to its operating reserve. The amount of \$13,648,121 operating reserve as at March 31, 2005 is subject to change at the discretion of the Board of Directors.

#### Electronics Recycling Account

The net assets are externally restricted as stipulated in the Regulation and are maintained for purposes set out in the Regulation.

#### Household Hazardous Waste Program

The net assets are externally restricted as stipulated in the grant agreement between the Authority and Alberta Environment and are maintained for purposes of carrying out the program as set out in that agreement.

### Note 10 Commitments

The Authority has leased office space to October 31, 2008. The approximate minimum payments required under the lease agreements in future years are as follows:

|      |            |
|------|------------|
| 2006 | \$ 165,980 |
| 2007 | 165,980    |
| 2008 | 166,453    |
| 2009 | 46,835     |
|      | <hr/>      |
|      | \$ 545,248 |

## Notes to the Financial Statements

March 31, 2005

### Note 10 Commitments (continued)

#### Tire Recycling Alberta

The Authority has a contract with a private sector company effective March 1, 2004. Payments by the Authority under the contract are based on medium and heavy truck tires processed and sold as recycled rubber crumb. This contract is for a term of six years. The commitment under this contract is \$302 per tonne of medium or heavy truck tires processed.

The Authority has a separate contract with a private sector company to process 5,000 tonnes of off-road tires into shred that will be used in civil engineering projects at provincial landfills. This contract was effective August 1, 2003 to March 31, 2004 and was renewed effective April 1, 2004. The contract is in effect until the 5,000-tonne maximum has been reached. The commitment under this contract is \$235 per tonne of off-road tires processed. As of March 31, 2005, 968.13 tonnes remained to be processed to complete the 5,000 tonne maximum required under the contract.

### Note 11 Subsequent events

#### Electronics Recycling Alberta

Subsequent to year-end, the Authority entered into a three-month financial services contract ending August 31, 2005. Under the terms of the contract, the minimum monthly fees are approximately \$18,000.

#### Household Hazardous Waste Program

Effective April 1, 2005 the Authority entered into a six-month contract extension with the Province of Alberta to administer the Household Hazardous Waste Program. Pursuant to the terms of the contract, the Authority will receive \$500,000 of government funding from the Province of Alberta subsequent to year-end.

**Note 12** Comparative figures

Because the comparative figures reflect only the operations and financial position of Tire Recycling Alberta (formerly Tire Recycling Management Association of Alberta), (Electronics Recycling Alberta and the Household Hazardous Waste Program commenced operations in 2005), comparative figures have not been included on the combined Statements of Financial Position, Revenues and Expenditures, Changes in Net Assets and Cash Flow of the Authority as they would not be meaningful.

**Tire Recycling Alberta**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

The net assets as reported in prior years were externally restricted as described in Note 9.

**Note 13** Budget information

The Authority prepares annual operating budgets for each of the recycling programs (Note 1). Budget information, where prepared, is included for information purposes and is unaudited.



# Alberta Recycling Management Authority (ARMA) – Combined Statement of Financial Position

Schedule 1  
March 31, 2005

## ASSETS

### Current assets:

|                      |             |
|----------------------|-------------|
| Cash                 | \$1,121,656 |
| Investments (Note 4) | 411,504     |
| Accounts receivable  | 3,036,725   |
| Prepaid expenses     | 19,116      |
|                      | 4,589,001   |

|                                 |              |
|---------------------------------|--------------|
| Investments (Note 4)            | 20,017,565   |
| Property and equipment (Note 6) | 213,833      |
|                                 | \$24,820,399 |

## LIABILITIES AND NET ASSETS

### Current liabilities:

|  |             |
|--|-------------|
| Bank indebtedness (Note 7)               | \$1,952,175 |
| Payable to recyclers                     | 1,878,322   |
| Accounts payable and accrued liabilities | 1,408,587   |
|  | 5,239,084   |

### Externally restricted net assets (Note 9):

|                                    |              |
|------------------------------------|--------------|
| Operating reserve                  | 13,648,121   |
| Invested in property and equipment | 213,833      |
| Surplus                            | 5,719,361    |
|                                    | 19,581,315   |
|                                    | \$24,820,399 |

Basis of presentation (Note 2)

Commitments (Note 10)

Comparative figures (Note 12)

See accompanying notes to financial statements

Alberta Recycling Management Authority (ARMA) -  
Continued Statement of Revenues and Expenditures

Schedule 1(a)  
March 31, 2005

|   | 2005            |
|---|-----------------|
|   | (Note 2 and 12) |
| <b>Recycling revenues:</b>  |                 |
| Advance disposal surcharges   | \$ 16,671,748   |
| Interest  | 34,210          |
| Government grants   | 778,000         |
| Total recycling revenues  | 17,483,958      |
| Less:   |                 |
| Surcharge compliance program delivery                                       | 1,130,304       |
| Recovery of bad debts   | (13,758)        |
| Gross contribution  | 16,367,412      |
| <b>Recycling expenditures</b>   |                 |
| Recycling incentive programs:   |                 |
| Collections   | 23,394          |
| Transportation and handling   | 57,043          |
| Processing  | 11,630,560      |
| Recycling program delivery  | 2,192,111       |
| Total recycling expenditures  | 13,903,108      |
| <b>Administration</b>   |                 |
| Salaries and related expenses   | 851,821         |
| General administration expenses   | 334,496         |
| Amortization  | 63,256          |
| Financial audit   | 100,445         |
| Operation expenditures  | 1,350,018       |
| Fund investment   |                 |
| Investment income   | 1,262,978       |
| Less:   |                 |
| Fund investment program delivery  | (81,288)        |
| Investments managers and related  | (86,445)        |
| Net investment income   | 1,095,245       |
| Revenue over expenditures before major<br>recycling development initiatives | 2,209,531       |
| <b>Recycling development and other</b>                                      |                 |
| Recycling development programs  | 1,988,451       |
| Public information  | 2,238,425       |
| Scrap tire issues management  | 2,862,118       |
| E-Business  | 2,412           |
| Program delivery  | 392,105         |
| Total recycling development   | 7,483,511       |
| Revenue under expenditures  | \$ (5,273,980)  |

Alberta Recycling Management Authority (ARMA) -  
Combined Statement of Changes in Net Assets

Schedule 1(b)

March 31, 2005

|  | Property and<br>Equipment | Operating<br>Reserve | Surplus       | Total           |
|--|---------------------------|----------------------|---------------|-----------------|
|  |                           | (Note 9)             | (Note 9)      | (Note 2 and 12) |
| Net assets, beginning of year          | \$ 122,426                | \$ 12,998,210        | \$ 11,734,659 | \$ 24,855,295   |
| Excess of expenditures over revenues   | -                         | -                    | (5,273,980)   | (5,273,980)     |
| Amortization of property and equipment | (63,256)                  | -                    | 63,256        | -               |
| Interfund transfers (Note 9)           | -                         | 649,911              | (649,911)     | -               |
| Investment in property and equipment   | 154,663                   | -                    | (154,663)     | -               |
| Net assets, end of year                | \$ 213,833                | \$ 13,648,121        | \$ 5,719,361  | \$ 19,581,315   |

Albera Recycling Management Authority (ARMA) –  
Combined Statement of Cash Flow

Schedule 1(c)  
March 31, 2005

Cash flow from (used in) operating activities:

|                                       |               |
|---------------------------------------|---------------|
| Advance disposal surcharges collected | \$ 15,575,020 |
| Surcharge collection costs            | (1,116,546)   |
| Processing                            | (20,484,964)  |
| Administration                        | (698,951)     |
|                                       | (6,725,441)   |

Cash flow from (used in) investing activities:

|  |           |
|--|-----------|
| Investment income                        | 1,262,978 |
| Investment management costs              | (167,733) |
| Repayment of funds from related programs | 344,484   |
| Acquisition of property and equipment    | (154,663) |
| Net proceeds on sale of investments      | 2,580,621 |
|  | 3,865,687 |

|                           |             |
|---------------------------|-------------|
| Decrease in cash position | (2,859,754) |
| Cash, beginning of year   | 2,029,235   |

|                                |              |
|--------------------------------|--------------|
| Bank Indebtedness, end of year | \$ (830,519) |
|--------------------------------|--------------|

Basis of presentation (Note 2)  
Comparative figures (Note 12)



## Tire Recycling Alberta - Statement of Financial Position

March 31, 2005

|  | 2005          | 2004          |
|--|---------------|---------------|
| <b>ASSETS</b>                              |               |               |
| <b>Current assets:</b>                     |               |               |
| Cash                                       | \$ 1,057,442  | \$ 2,029,235  |
| Investments (Note 4)                       | 411,504       | 196,276       |
| Accounts receivable                        | 1,169,536     | 1,127,787     |
| Prepaid expenses                           | 17,568        | 31,093        |
|  | 2,656,050     | 3,384,391     |
| Investments (Note 4)                       | 20,017,565    | 22,813,414    |
| Deferred charges (Note 5)                  | -             | 344,484       |
| Property and equipment (Note 6)            | 213,833       | 122,426       |
|  | \$ 22,887,448 | \$ 26,664,715 |
| <b>LIABILITIES AND NET ASSETS</b>          |               |               |
| <b>Current liabilities:</b>                |               |               |
| Payable to recyclers                       | \$1,778,185   | \$976,667     |
| Accounts payable and accrued liabilities   | 1,076,069     | 832,753       |
|  | 2,854,254     | 1,809,420     |
| Externally restricted net assets (Note 9): |               |               |
| Operating reserve                          | 13,648,121    | 12,998,210    |
| Invested in property and equipment         | 213,833       | 122,426       |
| Surplus                                    | 6,171,240     | 11,734,659    |
|  | 20,033,194    | 24,855,295    |
|  | \$ 22,887,448 | \$ 26,664,715 |

Commitments (Note 10)

See accompanying notes to financial statements

**Tire Recycling Alberta - Statement of Revenues and Expenditures**

March 31, 2005

|  | 2005<br>Budget Unaudited | 2005<br>Actual | 2004<br>Actual |
|--|--------------------------|----------------|----------------|
| <b>Recycling revenues:</b>   |                          |                |                |
| Advance disposal surcharges  | \$ 13,279,033            | \$ 13,680,363  | \$ 13,042,257  |
| Interest   | 40,000                   | 27,229         | -              |
| Total recycling revenues   | 13,319,033               | 13,707,592     | 13,042,257     |
| Less:  |                          |                |                |
| Surcharge compliance program delivery                                    | 506,348                  | 448,409        | 462,198        |
| Recovery of bad debts  | 49,421                   | (13,758)       | 8,088          |
| Gross contribution   | 12,763,264               | 13,272,941     | 12,571,971     |
| <b>Recycling expenditures</b>  |                          |                |                |
| Recycling incentive programs:  |                          |                |                |
| Processing   | 10,551,444               | 10,936,318     | 10,116,863     |
| Recycling program delivery   | 597,648                  | 619,404        | 356,322        |
| Total recycling expenditures   | 11,149,092               | 11,555,722     | 10,473,185     |
| <b>Administration</b>  |                          |                |                |
| Salaries and related expenses  | 320,735                  | 541,040        | 508,663        |
| General administration expenses  | 227,742                  | 208,854        | 214,393        |
| Amortization   | 75,000                   | 35,243         | 40,235         |
| Financial audit  | 25,000                   | 76,905         | 28,691         |
| Operation expenditures   | 648,477                  | 862,042        | 791,982        |
| Fund investment  |                          |                |                |
| Investment income  | 1,105,000                | 1,262,978      | 2,066,979      |
| Less:  |                          |                |                |
| Fund investment program delivery   | (98,870)                 | (81,288)       | (87,180)       |
| Investments managers and related   | (101,000)                | (86,445)       | (101,232)      |
| Net investment income  | 905,130                  | 1,095,245      | 1,878,567      |
| Revenue over expenditures before major recycling development initiatives | 1,870,825                | 1,950,422      | 3,185,371      |
| <b>Recycling development and other</b>                                   |                          |                |                |
| Recycling development programs   | 2,898,228                | 1,988,451      | 2,502,664      |
| Public information   | 2,160,836                | 1,527,437      | 3,158,834      |
| Scrap tire issues management   | 1,930,108                | 2,862,118      | 2,004,310      |
| E-Business   | 482,806                  | 2,412          | 256,954        |
| Program delivery   | 578,022                  | 392,105        | 429,901        |
| Total recycling development  | 8,050,000                | 6,772,523      | 8,352,663      |
| Revenue under expenditures   | \$ (6,179,175)           | \$ (4,822,101) | \$ (5,167,292) |

## Tire Recycling Alberta - Statement of Changes in Net Assets

March 31, 2005

|   |                           |                      |               | 2005          | 2004          |
|---|---------------------------|----------------------|---------------|---------------|---------------|
|   | Property and<br>Equipment | Operating<br>Reserve | Surplus       | Total         | Total         |
|   |                           | (Note 9)             | (Note 9)      |               |               |
| Net assets, beginning of year             | \$ 122,426                | \$ 12,998,210        | \$ 11,734,659 | \$ 24,855,295 | \$ 30,022,587 |
| Excess of expenditures<br>over revenues   | -                         | -                    | (4,822,101)   | (4,822,101)   | (5,167,292)   |
| Amortization of property<br>and equipment | (35,243)                  | -                    | 35,243        | -             | -             |
| Interfund transfers (Note 9)              | (28,013)                  | 649,911              | (621,898)     | -             | -             |
| Investment in property<br>and equipment   | 154,663                   | -                    | (154,663)     | -             | -             |
| Net assets, end of year                   | \$ 213,833                | \$ 13,648,121        | \$ 6,171,240  | \$ 20,033,194 | \$ 24,855,295 |

Schedule 2(c)

**Tire Recycling Alberta - Statement of Cash Flow**

March 31, 2005

|  | 2005          | 2004          |
|--|---------------|---------------|
| Cash flow from (used in) operating activities: |               |               |
| Advance disposal surcharges collected          | \$ 13,665,843 | \$ 13,083,485 |
| Surcharge collection costs                     | (434,651)     | (470,286)     |
| Scrap tire processing                          | (17,526,727)  | (18,541,030)  |
| Administration                                 | (541,945)     | (167,058)     |
|  | (4,837,480)   | (6,094,889)   |
| Cash flow from (used in) investing activities: |               |               |
| Investment income                              | 1,262,978     | 2,066,979     |
| Investment management costs                    | (167,733)     | (188,412)     |
| Repayment from (advances to) related program   | 344,484       | (344,484)     |
| Acquisition of property and equipment          | (154,663)     | (131,811)     |
| Net proceeds on sale of investments            | 2,580,621     | 3,567,482     |
|  | 3,865,687     | 4,969,754     |
| Decrease in cash position                      | (971,793)     | (1,125,135)   |
| Cash, beginning of year                        | 2,029,235     | 3,154,370     |
| Cash, end of year                              | \$ 1,057,442  | \$ 2,029,235  |



**Electronics Recycling Alberta - Statement of Financial Position****March 31, 2005****ASSETS****Current assets:**

|                     |                     |
|---------------------|---------------------|
| Accounts receivable | \$ 1,867,189        |
| Prepaid expenses    | 1,548               |
|                     | <b>\$ 1,868,737</b> |

**LIABILITIES AND NET ASSETS****Current liabilities:**

|  |                  |
|--|------------------|
| Bank indebtedness (Note 7)               | \$ 1,952,175     |
| Payable to recyclers                     | 100,137          |
| Accounts payable and accrued liabilities | 280,472          |
|  | <b>2,332,784</b> |

**Externally restricted net assets (Note 9):**

|         |                     |
|---------|---------------------|
| Deficit | (464,047)           |
|         | <b>\$ 1,868,737</b> |

See accompanying notes to financial statements

# **Electronics Recycling Alberta - Statement of Revenues and Expenditures and Changes in Net Assets**

Schedule 3(a)

March 31, 2005

|   | 2005<br>Actual   |
|---|------------------|
|   | (Notes 1 and 12) |
| <b>Recycling revenues:</b>  |                  |
| Advance disposal surcharges   | \$ 2,991,385     |
| Less:   |                  |
| Surcharge compliance program delivery                                       | 681,895          |
| Gross contribution  | 2,309,490        |
| <b>Recycling expenditures</b>   |                  |
| Recycling incentive programs:   |                  |
| Collections   | 23,394           |
| Transportation and handling   | 57,043           |
| Electronics Waste Processing  | 586,759          |
| Recycling program delivery  | 981,392          |
| Total recycling expenditures  | 1,648,588        |
| <b>Administration</b>   |                  |
| Salaries and related expenses   | 249,178          |
| General administration expenses   | 121,255          |
| Amortization  | 28,013           |
| Financial audit   | 15,515           |
| Operation expenditures  | 413,961          |
| Revenue over expenditures before major<br>recycling development initiatives | 246,941          |
| <b>Recycling development and other</b>                                      |                  |
| Public information  | 710,988          |
| Revenue under expenditures  | (464,047)        |
| Net assets, beginning of year   | -                |
| Amortization of property and equipment                                      | 28,013           |
| Interfund transfers   | (28,013)         |
| Net assets, end of year   | \$ (464,047)     |

Schedule 3(b)

**Electronics Recycling Alberta - Statement of Cash Flow**

March 31, 2005

Cash flow from (used in) operating activities:

|                                       |              |
|---------------------------------------|--------------|
| Advance disposal surcharges collected | \$ 1,124,196 |
| Surcharge collection costs            | (681,895)    |
| Electronics Waste Processing          | (2,259,439)  |
| Administration                        | (135,037)    |
|                                       | (1,952,175)  |

Decrease in cash position 1,952,175

Cash, beginning of year -

Bank Indebtedness, end of year \$ 1,952,175

Household Hazardous Waste Program  
Statement of Financial Position

Schedule 4  
March 31, 2005

ASSETS

**Current assets:**

|      |           |
|------|-----------|
| Cash | \$ 64,214 |
|------|-----------|

LIABILITIES AND NET ASSETS

**Current liabilities:**

|  |           |
|--|-----------|
| Accounts payable and accrued liabilities | \$ 52,046 |
|--|-----------|

Externally restricted net assets (Note 9):

|         |        |
|---------|--------|
| Surplus | 12,168 |
|---------|--------|

|  |           |
|--|-----------|
|  | \$ 64,214 |
|--|-----------|

See accompanying notes to financial statements



**Household Hazardous Waste Program - Statement  
of Revenues and Expenditures and Changes in Net Assets**

Schedule 4(a)  
March 31, 2005

|                                 | 2005<br>Budget Unaudited | 2005<br>Actual |
|---------------------------------|--------------------------|----------------|
| (Note 1 and 12)                 |                          |                |
| <b>Revenues:</b>                |                          |                |
| Government grants               | \$ 700,000               | \$ 778,000     |
| Interest                        | 10,500                   | 6,981          |
|                                 | 710,500                  | 784,981        |
| <b>Recycling expenditures</b>   |                          |                |
| Transportation and handling     | \$ 80,000                | \$ 107,483     |
| Processing                      | 634,500                  | 591,315        |
| Total recycling expenditures    | 714,500                  | 698,798        |
| <b>Administration</b>           |                          |                |
| Salaries and related expenses   | 53,000                   | 61,603         |
| General administration expenses | 6,000                    | 4,387          |
| Financial audit                 | 7,500                    | 8,025          |
| Operation expenditures          | 66,500                   | 74,015         |
| Revenue over expenditures       | \$ (70,500)              | \$12,168       |
| Net assets, beginning of year   | -                        | -              |
| Net assets, end of year         | \$ (70,500)              | \$ 12,168      |

**Household Hazardous Waste Program -  
Statement of Cash Flow**

Schedule 4(b)  
March 31, 2005

|  |            |
|--|------------|
| Cash flow from (used in) operating activities: |            |
| Grant received                                 | \$ 778,000 |
| Waste collection and processing                | (654,252)  |
| Administration                                 | (66,515)   |
|  | 57,233     |
| Cash flow from (used in) investing activities: |            |
| Investment income                              | 6,981      |
| Increase in cash position                      | 64,214     |
| Cash, beginning of year                        | -          |
| Cash, end of year                              | \$ 64,214  |





LIBRARY AND ARCHIVES CANADA  
Bibliothèque et Archives Canada



3 3286 53504240 8

Alberta Recycling Management Authority

Suite 1310, Scotia Place 1

10060 - Jasper Avenue Edmonton, Alberta

ALBERTA  
RECYCLING  
MANAGEMENT  
AUTHORITY



TIRE  
RECYCLING  
ALBERTA



ELECTRONICS  
RECYCLING  
ALBERTA

